

November 4, 1992

Mr. Andrew Schwartz  
Philip Morris USA  
120 Park Avenue  
New York, NY 10017

Dear Andrew:

The following will detail the number of stores and costs per wave from our recently concluded Indianapolis and Nashville test markets.

INDIANAPOLIS			NASHVILLE		
Date	Cost Per Wave	# of Stores	Date	Cost Per Wave	# of Stores
7/89	\$ 9,300.00	50	9/89	\$ 9,300.00	50
6/90	11,200.00	50	6/90	11,200.00	50
12/90	12,100.00	44	12/90	12,100.00	48
1/92	12,400.00	44	4/91	10,500.00	34
			1/92	10,800.00	34

**IMPORTANT NOTES:**

- Dates listed above are the only times throughout the tests when costs changed.
- Stores were not replaced due to Philip Morris' desire for a static sample.
- The April, 1991 cost reduction in Nashville was due to losing 11 Jim Dandy Convenience stores.
- Throughout the 3 year project multiple additional brands were added to the brand stub. In all, approximately 25 brands were added since the beginning of the test and packing level detail was provided for many of those brands.
- All costs listed above for both markets include conducting a distribution check in an additional 100 stores per market.

In general, cost increased due to the increased item level detail. Cost did decrease in Nashville when Jim Dandy stores dropped from our panel. Smaller additional store panel attrition was offset by the continual increase in field and reporting needs.

2045044747

Mr. Andrew Schwartz  
November 4, 1992  
Page 2

INCREASED SAMPLE SIZE

Following are the incremental costs for increasing the sample sizes in each market to 70 stores.

<u>INDIANAPOLIS</u>		<u>NASHVILLE</u>	
<u>Current Cost</u> <u>Per Wave</u>	<u>70 Store Cost</u> <u>Per Wave</u>	<u>Current Cost</u> <u>Per Wave</u>	<u>70 Store Cost</u> <u>Per Wave</u>
\$12,400	\$17,900	\$10,800	\$18,800

Andrew, I believe this covers the basis of our discussions. Please feel free to call if you have any questions.

Sincerely,



Jack T. Owens  
Account Executive

JTO/blr

cc: Rich Seal

2045044748